MFA of B.C. Pooled Investment Results[1]

As of March 31, 2018

	1 Month Non-annualized %	3 Months Non-annualized %	Year-to-Date Non-annualized %	1 Year %	3 Years Annualized %	5 Years Annualized %	Since Inception Annualized %[2]
MFA Money Market Fund	**0.13**	**0.35**	**0.35**	**1.12**	**0.90**	**0.98**	**3.92**
Custom Benchmark[3]	*0.08*	*0.23*	*0.23*	*0.62*	*0.43*	*0.56*	*3.67*
MFA Intermediate Fund	**0.11**	**0.35**	**0.35**	**0.83**	**1.01**	**1.21**	**3.54**
FTSE TMX Canada 365-Day Treasury Bill Index	*0.16*	*0.39*	*0.39*	*0.34*	*0.32*	*0.60*	*3.15*
MFA Bond Fund	**0.18**	**0.22**	**0.22**	**-0.22**	**0.87**	**1.67**	**5.96**
FTSE TMX Canada Short Term Overall Bond Index	*0.15*	*0.17*	*0.17*	*-0.57*	*0.47*	*1.36*	*5.67*

[1]Portfolio and benchmark performance is net of total fees and expenses of 15 basis points per annum (Money Market Fund) and 20 basis points per annum (Intermediate & Bond Fund).
[2]Inception dates: Money Market Fund – May 1, 1989; Intermediate Fund – March 30, 1994; Bond Fund – May 1, 1989
[3]Represents custom benchmark: changed from FTSE TMX Canada 91-day T-Bill Index to FTSE TMX Canada 30-day T-Bill Index effective Jan. 1, 2013

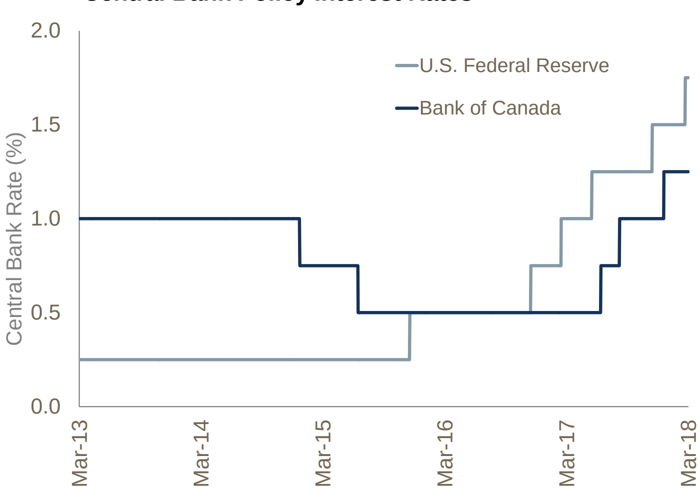
Market Developments

Market Interest Rates

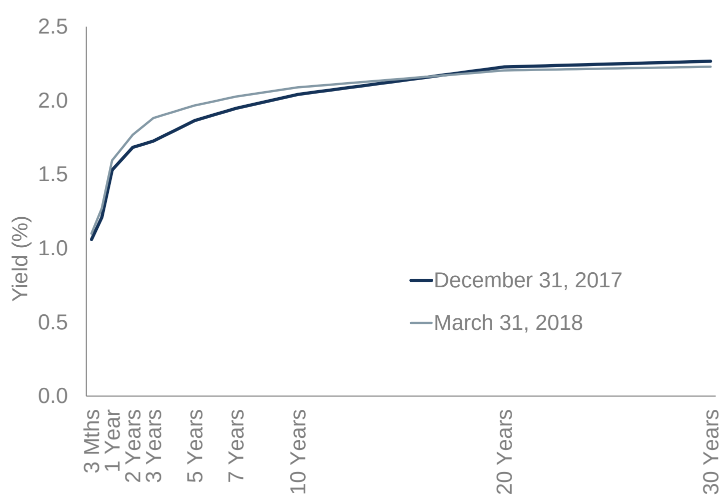
	January 31, 2018	February 28, 2018	March 31, 2018
3 Month T-bills	1.20%	1.15%	1.10%
2 Year Gov't of Canada Bonds	1.84%	1.78%	1.77%
5 Year Gov't of Canada Bonds	2.08%	2.04%	1.97%
30 Year Gov't of Canada Bonds	2.36%	2.37%	2.23%

March was marked by weakness and increased volatility in equity markets, which bled into most other risk assets generally. This was stoked by fears of a global trade war on the back of protectionist rhetoric from the Trump administration, and the subsequent rounds of tariffs. First was the steel and aluminium tariff at the beginning of the month with an additional tariff on $50 billion worth of Chinese goods later in the month. On top of the tariff fears, the tech sector was also hit as revelations surfaced about Facebook's privacy protection, or lack thereof, and President Trump's attacks on Amazon. In this environment, we saw all yields decline, with longer maturities declining by more than shorter maturities, leading to an overall flatter yield curve month-over-month.

Central Bank Policy Interest Rates



Canadian Yield Curves



Market Outlook

The Bank of Canada (BoC) met in March and, as was expected, maintained the overnight rate at 1.25%. The BoC indicated a more cautious stance toward future policy rate moves in its statement, citing concerns related to NAFTA uncertainty as well as the Canadian housing sector and how elevated household debt would react to the previous policy rate increases. Overall, market expectations for policy rate moves from the BoC have been pushed out to the second half of 2018, with only two additional policy rate increases before year-end. While the BoC is expected to be on hold for the next few months, we continue to anticipate the short-end of the Canadian yield curve to move higher with expectations for future adjustments by the BoC as it moves towards the lower end of its neutral policy rate range.

The U.S. Federal Reserve (Fed) also met in March, and unlike the BoC, increased its policy rate by 0.25% to a range of 1.50% to 1.75%. Even with continued strength in U.S. economic data and labour markets, market expectations for future moves by the Fed remain in line with where they were at the end of last year. Broadly, market participants expect the Fed to maintain its current once-per-quarter rate hike pace for some time as the policy rate moves closer to its longer-run policy rate projection, translating to another three rate hikes through the end of 2018. We expect that short-term interest rates in the U.S. to trend higher as this occurs.

Current Strategy

The Money Market Fund remains focused on building a high quality yield advantage as this has historically proven to be a reliable way to add value. To this end, the Money Market Fund continues to be fully invested in high-quality corporate money market instruments, as these securities continue to provide an attractive risk-adjusted incremental yield over similar-term government securities. Similarly, the Money Market Fund also maintains an allocation to longer-dated corporate money market securities, which results in a longer-than-benchmark average maturity profile.

The Intermediate and Bond Funds both also favour high quality yield enhancement strategies. The Intermediate Fund maintains a maximum allocation to corporate securities, while the government allocation is primarily invested in provincial securities given their attractive yield advantage relative to federal government securities. Similarly, while the Bond Fund has reduced its overall risk over the past few quarters, it maintains a bias towards government agency and corporate credit, rather than federal bonds.

Structure – As a Percentage of Total Portfolio								
Money Market Fund			Intermediate Fund			Bond Fund		
Term (Days)	Position	Change	Term (Days)	Position	Change	Term (Years)	Position	Change
< 30	29.1%	9.9%	< 180	17.0%	12.0%	< 1.0	9.5%	0.9%
31 - 60	30.6%	6.5%	181 - 365	53.4%	-0.3%	1.0 - 2.5	34.7%	-1.5%
61 - 90	16.9%	-13.5%	366 +	29.6%	-11.8%	2.5 - 4.0	35.1%	6.6%
91- 120	9.2%	0.8%				4.0 - 5.5	17.7%	-6.0%
121 +	14.3%	-3.6%				5.5 - 7.0	3.1%	0.0%
Government	0.0%	0.0%	Government	30.1%	0.0%	Government	55.0%	-1.7%
Corporate	100.0%	0.0%	Corporate	69.9%	0.0%	Corporate	34.9%	-1.4%
						Mortgages/MBS	5.9%	-0.3%
						Net Cash	4.2%	3.5%
Average term	65 days	-7 days	Average term	0.8 yrs	-0.1 yrs	Average term	2.8 yrs	-0.1 yrs
Average yield*	1.52%	0.03%	Average yield*	1.68%	0.05%	Average yield*	1.93%	-0.03%
Total size	$1,065.5 mil	-$18.9 mil	Total size	$293.1 mil	-$14.1 mil	Total size	$757.3 mil	$16.1 mil

*Average yield information is referenced net of total fees and expenses of 15 basis points per annum (Money Market Fund) and 20 basis points per annum (Intermediate & Bond Fund).